

# Real Estate Monthly Grace Glastonbury

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## HOUSING MARKET STILL HUMMING

'Bubble' warnings seem to pop as reports show continued gains

The good news about the Canadian housing market keeps coming, despite concerns by some that we're headed for a "bubble."

Reports showed continuing improvement in the conditions for those thinking of selling their homes in the near future.

Prices in Calgary, Vancouver, Toronto, Ottawa, Montreal and Halifax were ahead on a year-to-year basis.

That comes after a report last week from the Canadian Real Estate Association that showed that the average listed resale price in Canada was up by almost 20 percent annually in January to \$328,537.

It said expected that higher interest rates from the Bank of Canada by mid-year, tougher mortgage conditions imposed by the federal government effective in April, and the implementation of the HST in Ontario and British Columbia in July should cause a surge in demand this spring.

Ontario and British Columbia will adopt an HST that merges existing provincial sales taxes with the federal GST. Several additional items currently exempt from provincial levies will become subject to the wider-encompassing HST.

As far as real estate goes, the HST will not apply to sales of existing homes, and there will be rebates of up to about \$25,000 available to

offset the tax on new homes in both provinces.

Despite rising demand and values, there is no notion that a "bubble" is developing in the housing market.

The federal government and the Bank of Canada have also said there is no evidence of a housing bubble.



However, both have warned consumers that interest rates will not remain at record lows indefinitely, and Finance Minister Jim Flaherty has said the new mortgage regulations are meant to deter those who may not be able to afford a more expensive housing market.

Still, Canadian buyers remain "cautious" and sellers are "realistic" about the kind of prices they can get for their homes. Over the last year and the latter part of 2008, market participants learned lessons about how fast the tide can turn in the real estate market.

## Eye on Ottawa Real Estate

Members of the Ottawa Real Estate Board (OREB) sold 1,118 residential properties in February 2010 compared with 787 in February 2009, an increase of 42.1 percent. There were 713 sales in January 2010.

"Last month's sales were near the top of the usual range for this time of year, as opposed to February of 2009, which was the end of the brief slowdown we saw in Ottawa's resale housing market due to global economic conditions," said OREB's President.

"So far in 2010, OREB Members have sold 1,831 properties, putting us well ahead of the 1,316 properties sold in the first two months of 2009. Inventory remains low and the homes that are listed are selling quickly, keeping Ottawa in a seller's market for the moment," he added.

The average sale price of residential properties, including condominiums, sold in February 2010 in the Ottawa area was \$317,030, an increase of 15.8 per cent over February 2009.

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# Why Renovate?



Everyone has a different reason for wanting to renovate. Sometimes, it is the simple need for a change. Other times, the motivation is more practical. If you wake up one day with a puddle in the basement and a water-stained ceiling, you know that you have to act fast.

In general, there are three types of renovation: lifestyle, retrofit, and maintenance and repair. Lifestyle renovations improve your home and your way of life. They might involve building a sun room for pleasure or converting unused attic space into living quarters to meet your changing needs.

Retrofit projects usually focus on your home's shell or mechanical systems. Examples are upgrading your insulation, replacing your furnace or putting on new siding.

Maintenance and repair renovations protect the investment that you have made in your house through activities such as caulking windows, re-shingling your roof or replacing your eavestroughs.

A successful renovation can be a dream come true, but without careful planning and management, it can be a nightmare.

Be informed. Before you pick up a hammer, pick up a book or a video on home renovation. Talk to friends and neighbours who have renovated. Explore all the options, and remember the carpenter's creed: measure twice, cut once. Mistakes on paper are easy to fix and inexpensive. Mistakes on the job are not. The following questions will help make sure that you are heading in the right direction.

### Is Your Renovation Practical?

While maintenance renovations are not really a choice, they are part of owning a home and protecting your investment; lifestyle renovations, and even some retrofit plans, may not be practical or do-able.

Be clear about your expectations. Learn when to draw the line between what is desirable and what is essential.

Almost any renovation will add to, or at least protect, the equity in your home, but kitchen and bathroom renovations and painting normally provide the greatest payback when you sell. If your property taxes and insurance premiums go up, the increase is usually small.

### Your Money's Worth?

Over time, the money that you save on heat, light and water by making your home more energy efficient may actually pay for

the upgrades. Safety also pays. Insurance companies often decrease premiums when you improve wiring or fire prevention and improve or add a security system. On the other hand, you can overdo a good thing. If you plan to move within a few years, is the renovation worth it? Will it pay to put on an expensive new addition when your house is in an area of more modest homes?

### Is your Renovation Adaptable?

It is best to take the long view when you are renovating, because your needs are bound to change as time goes by. Try to build the most flexibility and long-term usefulness into your design. For instance, some day, you may want to convert a nursery into a home office. Installing the required wiring now will save you time and money later, and will also add a selling feature if you decide to move. By installing features such as lever door handles, non-slip flooring and extra-wide doorways, you make household activities more comfortable and safer today.



### And Healthy?

Planning a renovation is also an opportunity to apply healthy housing principles. The goal of healthy housing is to reduce household demands on the outdoor environment while providing a healthy indoor environment—by installing energy-efficient appliances, for instance, or by making the most use of natural light and passive solar energy in your designs. Choose building materials that help conserve natural resources, such as salvaged lumber and products made with recycled content. Building materials should be durable and easy to maintain, and should not give off toxic gases once installed. Finally, choose and use construction techniques that minimize waste and debris. The basis of healthy housing is to think of your home as an ecosystem and a part of the larger environment. Incorporating healthy housing principles when planning your renovation will help protect your family and community and could very well help you save money.